

NSC BRIEFING

28 April 1959

COMMUNIST CHINA - ECONOMIC

- I. At the pre-Congress session, Party Central Committee examined the five-month-old movement to "tidy-up" nation's communes, and declared them "healthy."
 - A. Party leaders, noting existence of some problems, decided that commune system needed to be further consolidated and tidied up.
 - B. Principal addresses to current National People's Congress did not discuss communes at any length, suggesting that problems not considered major.
 - C. While 1959 budget does contain an allocation of some \$400,000,000 for investment in communes with "poorer economic conditions," dominant view expressed at congress was that communes among these "favorable conditions" which ensure fulfillment ambitious 1959 economic plans.
- II. "Grand and arduous" 1959 plan presented to congress calls for a "bigger, better and more all-around" leap forward this year.
 - A. Targets laid down for this year are highly ambitious; total value of industrial and agricultural output scheduled to increase more in absolute terms than in 1958 leap.
 - B. However, general air economic optimism tempered somewhat by growing attention given difficulties facing continued "leap forward" drive.

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